

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Monsoon kindles better rabi prospects, *Seed Co's sales rise 50% as farmers expand acreage on good rains*, *Textile trade works to defer cotton export to cut prices*, *Indian farmers' visit America's biggest farm show*, *Import of sensitive items goes up 13.6%*, *Metro Cash & Carry to invest Rs.1K crore (US\$ 217 million) in Punjab*, *Branded US green peas to hit Indian retail stores*, *India to resume sugar futures from October*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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MONSOON KINDLES BETTER RABI PROSPECTS

With a good monsoon continuing in most parts of the country, the government expects a substantial increase in rabi (winter) farm production. A big effort will be made to sustain the productivity of wheat, the major food grain grown during the rabi season. With large parts of eastern India getting below normal monsoon rains, the government will encourage the states to focus more on early planting of rabi harvested rice, which accounts for nearly 12 percent of total rice production. (Source: [Financial Express](#), 09/14/2010)

SEED CO'S SALES RISE 50% AS FARMERS EXPAND ACREAGE ON GOOD RAINS

India's leading seed companies, crop input and irrigation equipment companies have shown spectacular growth of about 50 percent in sales this summer as farmers invest in high-quality seeds and plant more area on the back of a good monsoon and rising commodity (cotton, rice, sugar, corn) prices. Many seed companies have already crossed last year's sales in the first few months of Indian fiscal year 2010/11 (April/March). The season has been good for drip irrigation companies as farmers expand more area under drip irrigation in crops like sugarcane, cotton, corn etc. The extended monsoon this year had added to the cheer as companies expect good sales in the next rabi (winter) season also. ([Economic Times](#), 09/15/2010)

TEXTILE TRADE WORKS TO DEFER COTTON EXPORT TO CUT PRICES

The textile mill associations across India have been working hard to persuade policy makers to restrict exports. A meeting of the ministries of Agriculture, Commerce and Textiles was scheduled for September 14 to address the issue whether exports should be deferred till December, but has been postponed to September 27. While the Cotton Advisory Board estimates the cotton crop this year at 32.5 million bales 9170 kg), some of the trade believes it is too premature to give an estimate of the crop as monsoon rains have not withdrawn yet in most parts. Authentic estimates

can be drawn only after mid-October when the harvest begins. (Source: [Business Standard](#), 09/17/2010)

INDIAN FARMERS' VISIT AMERICA'S BIGGEST FARM SHOW

Special Interest group of Agri Biotechnology invited a delegation of Indian farmers to participate in a farm progress show held in Iowa, recently. The annual farm show has been held for nearly last 55 years and has a reputation as a U.S. premier farm show. Every year the show is held in different parts of America. Mr. K.K. Agarwal, Divisional chairman from Bharat Krishak Samaj in Madhya Pradesh, says, "Agriculture functions more as a business in the U.S. The rates of produce are decided day-to-day at the Chicago Board of Trade." According to Dr. Chandra Kumar Mohanty, another member, from Orissa, "There is no land ceiling act in America and they have the concept of individual insurance. But sadly in our country there is still nothing like individual insurance. Though we grow a vast majority of crops we are still not able to get a good price for the produce in spite of a government-established price fixing committee." (Source: [The Hindu](#), 09/16/2010)

IMPORT OF SENSITIVE ITEMS GOES UP 13.6%

The import of sensitive items during April-June 2010 was US\$ 3514 million, a 13.6-per-cent increase over the US\$ 3093 million during the same period last year. This is mainly due to the import of food grains and that of milk & dairy products. But import of pulses fell by 24.5 per cent during April-June 2010, while cotton and silk declined by 13.1 per cent during the period under review. Import of fruits and vegetables rose 10.4 per cent in April-June 2010. Import of edible oil increased by 3.7 percent for the corresponding period of this year. (Source: [Business Line](#), 09/15/2010)

METRO CASH & CARRY TO INVEST RS 1K CRORE (US\$ 217 MILLION) IN PUNJAB

Metro Cash & Carry—an international self-service wholesale retailer company—will set up two wholesale distribution centers at Zirakpur and Ludhiana and become operational by mid-2011. The total Metro investment in Punjab is expected to be around Rs 1,000 crore (US\$ 217 million) when the company launches six distribution centers in the state. The distribution centre will be a one stop shop which will stock food and non-food products to cater the needs of all business customers. A six-member delegation led by Metro Cash & Carry CEO Asia, Frans Muller apprised the chief minister that these centers would give a push to the modern practices in the development of the state, with focus on agriculture development and employment generation in allied farming. (Source: [Financial Express](#), 09/16/2010)

BRANDED US GREEN PEAS TO HIT INDIAN RETAIL STORES

The largest exporter of U.S. pulses (dry peas, lentils) to India, Columbia Grain, has just finalized plans to launch its branded product in Mumbai and is in talks with a well-known supermarket chain run by a mega Indian corporate. A leader in the marketing of North American agricultural products, the \$700 million Columbia Grain Company has strong agribusiness interests covering a range of wheat, corn, soybean, barley and feed grains, to name a few as well as pulses. The company is the largest exporter of U.S. origin pulses. The extent of its operations may be gauged from the fact that Columbia Grain owns and operates over 45 grain handling facilities with a total storage capacity of over one million tons. Sounding upbeat about marketing prospects in India, Mr. Jeff Van Pevenage, Vice-President and General Manager, told Business Line that he proposes to ship out container loads of green peas to India, where the material would be packaged under a brand name and distributed. (Source: [The Hindu](#), 09/13/2010)

INDIA TO RESUME SUGAR FUTURES FROM OCTOBER

After more than a year, the GOI commodities market regulator, the Forward Market Commission (FMC) will allow sugar futures to start from October 2010 in view of an expected bumper production of the sweetener next year. Trading in sugar futures was suspended in May 2009 as retail prices spiked on the back of sharp drop in production. Meanwhile, sugar millers reacted positively to the announcement and said it would allow hedging against possible price slides. India, the world's second-biggest producer after Brazil, was a large importer of sugar in the past two years as farmers switched to other crops and a drought hit cane output in 2009. But this year, normal monsoon rains and higher cane planting have raised expectations of surplus production—even though a delayed withdrawal of the monsoon could pose a threat. In July, Agriculture Minister Sharad Pawar invited sugar millers to discuss lifting state controls on the heavily regulated sugar sector. (Source: [Financial Express](#), 09/16/2010)

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